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SUBJECT: CONSUMERS FLOCKING TO SHOPPING MALLS AS ALBANIA'S ECONOMY  
MODERNIZES

SUMMARY

1. The opening of modern shopping malls in Tirana is a sign of Albania's economic development and growing affluence. The retail economy is beginning to transition away from small family-owned stores with limited product lines to large, Western-style shopping centers. These new shopping outlets are introducing international brands to the market and also meeting the growing consumer demand for higher quality products from consumers enjoying greater purchasing power.

2. The end of the year holidays showcased Albanians' new shopping habits of patronizing the recently opened shopping malls in the capital. Albania is a latecomer to modern retail shopping, but the opening of new malls and planned future retail projects are making up for lost time at a quick pace. END SUMMARY.

NO TYSONS CORNER YET, EXCEPT FOR THE TRAFFIC

3. Tirana's newest and largest mall, Casa Italia, opened just before Christmas with several large Italian chain stores serving as retail anchors. (Note: As is all-too-common in Albania, there was no infrastructure planned for the new mall situated on one of Tirana's major thoroughfares. Casa Italia has become Tirana's latest traffic bottleneck as drivers turn an unimproved section of road into a major intersection.) The UNIVERS (QTU) shopping center opened more than two years ago and has since expanded its retail space by 50 percent. QTU has been a success story in the retail trade sector, gaining market share at the expense of tiny "mom and pop" shops in Tirana. During its second year of existence, three million shoppers visited QTU. Sales turnover at the "hypermarket" Euromax, a local chain of supermarket and retail stores started by a prominent Albanian businessman, exceeded USD 2 million on New Year's Eve, traditionally the biggest shopping day of the year in Albania.

4. Another shopping center, CityPark Tirana, is scheduled to open in September 2008 and will become the largest shopping center in the country. Colliers International, a U.S. real estate company, is managing the project. According to the company's promotional information, CityPark Tirana will comprise 40,000 square meters and will host some 150 retail units, supermarkets, food courts and leisure facilities. It will apparently also feature more than 3000 parking spaces -- rare pre-planning in Albania. All of these projects are supported by local investors, while the European Bank for Reconstruction and Development has co-financed QTU's retail expansion.

NEW MALLS REDUCE GREY ECONOMY

¶5. These shopping centers present new advantages to the Albanian economy, including the formalization of economic transactions that were previously done "off the books," depriving the government of tax revenue and encouraging a general culture of corruption. (Note:

All of the larger chain stores routinely issue sales receipts, a rare practice for small family-owned businesses that try to reduce their tax liability by keeping formal sales records to a minimum.) The malls also create new jobs, support the growing sophistication of the economy by creating supply and distribution chains where none existed before, and introduce foreign expertise which builds capacity in the private sector. On the other hand, small shops are suffering from reduced business and are struggling to survive.

COMMENT

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¶6. The emergence of modern shopping centers is an indication of the economic and social development which Albania has achieved in recent years. Economic expansion has been concentrated in the capital Tirana and its environs, although both Euromax and Conad, an Italian supermarket chain with two stores in Tirana, have opened stores in Durres and have plans to expand to other cities. The increasing shopping opportunities in Albania will boost competition, improve the material quality of life for consumers and push Tirana another step along its path to becoming a modern European city.

WITHERS